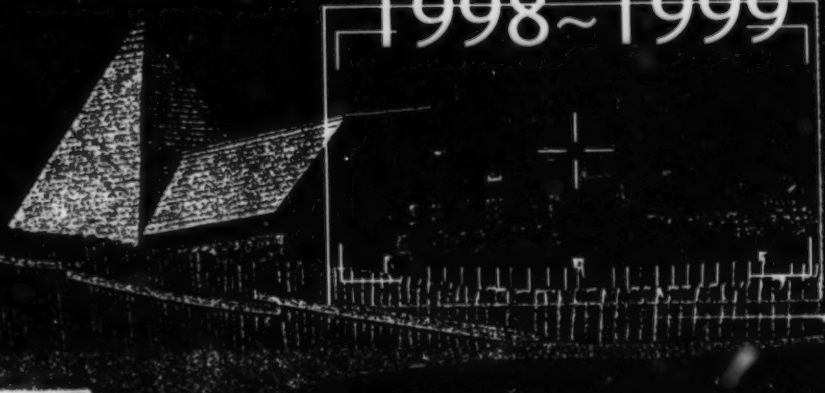
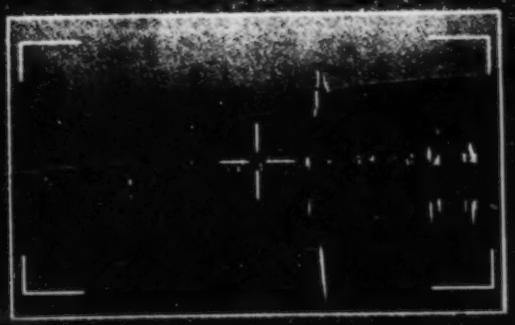
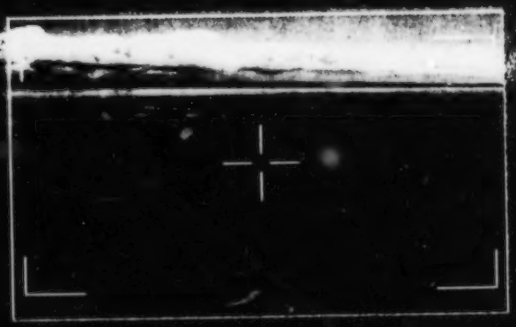
Nova Scotia Film Development Corporation

Annual Report 1998~1999







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Message from the Minister

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This is a great time to be making films, television programs and multi-media productions in Nova Scotia. The industry is growing at a spectacular pace — from less than $10 million in 1994 to $119 million in 1998. There was a $12 million jump in spending last year alone.

It's a success story like something right out of the movies.

It's a success story for which Nova Scotia is well cast. Our beautiful landscapes, combined with soundstage facilities, competitive tax credits and our Film Industry Training Program, make the province a great place for local and outside producers to invest. And Nova Scotians' story-telling abilities and continually improving skill in the technical, production and business sides of the industry are making international reputations for our producers, directors, performers and crews.

Television programs like *Big Pony* and *This Hour Has 22 Minutes*; feature films like *Away from Waterford Girl* and *The Divine Ryans*; animation productions like *Moosop's Magical Tales* and *Ollie's Under the Bed Adventures*; and CD-ROMs like *The Prince and the Grail* and *Heroes of Paladon* are clearly world class, and they're enchanting more audiences in more places than ever before. They're also employing more Nova Scotian actors, directors and technicians — more than 2,300 last year.

The Government of Nova Scotia continues to actively support the advancement of the industry. We look forward to its continued growth. And to everyone involved — in the business offices and production floors and at the Nova Scotia Film Development Corporation — congratulations on another successful year.

Gordon Balser

Gordon Balser
Minister responsible for
the Nova Scotia Film Development Corporation

100-06113/

September 30, 1999

Message from the Chair

On behalf of the Board of Directors, I am pleased to present the Government and the people of Nova Scotia with the 1998-99 Annual Report on the activities of the Nova Scotia Film Development Corporation.

Since 1990, when the Corporation was established, the film industry in Nova Scotia has experienced tremendous growth. Today, we know a thriving industry that is, not only maintaining its own stability but is helping to add economic growth to the support and resource industries in Nova Scotia. I am pleased to report to you that in 1998/99 we surpassed a goal set by a previous Chief Executive Officer in 1994/95 when he predicted that the industry would generate $110 million in spending in Nova Scotia by the year 2005. We exceeded this target in 1998-99 with production budgets totaling $119 million and the creation of 2,300 jobs. The Nova Scotia Film Development Corporation is proud to have played a part in this success story.

Nova Scotia is unique in its cultural diversity and in having so many talented artists including performers, writers, musicians, directors and producers. Being natural storytellers it is not surprising to witness the powerful programs generated in our own backyards. Our local producers again and again bring all of these talents together and manage to make spectacular programming. We are pleased to have partnered with them and look forward to future projects.

The growth in our film industry could not have been achieved without the active support of the Government of Nova Scotia. The industry has received support and funding initiatives including direct investments in film projects, investment in training initiatives and the film industry tax credit. Investments in infrastructure such as soundstages and animation facilities help to sustain our film industry. The Premier, the Honourable John Hamm, is a strong supporter of film and new media with a commitment to vigorously promote Nova Scotia as a film, video and multi-media production location.

The Board is proud of the CEO, Ann MacKenzie and her team at Nova Scotia Film Development Corporation. The increase in activity in the film industry is a testament to their hard work and commitment to their clients in the industry.

To conclude, the Board of the Nova Scotia Film Development Corporation is proud to have worked with the many talented and committed people involved in growing our film and television industry and we are pleased to have been able to make a contribution of significance in the growth of the economy in Nova Scotia.

Bonita L. Kirby

Bonita Kirby
Chair, NSFDC Board of Directors

Board of Directors

Bonita Kirby
Director 1996-97 & Chair 1997-99, Halifax

Terrance Brown
Director 1994-99, Halifax

Marie Comeau
Director 1994-99 & Chair 1996, Digby County

Wayne Crawley
Director 1996-99, Treasurer 1996-99, Halifax

Vanessa Morrison
Director 1996-99, Cape Breton

David Pember
Director 1996-99, Secretary 1997-99, Lunenburg County

Carol Sherman
Director 1994-99, Yarmouth County

Peggy Walt
Director 1997-99, Halifax

Contracted Projects March 31, 1999

Summary - Program Funds Contracted & Tax Credits Finalized for the year ended March 31, 1999

Equity Investment	$ 2,277,455
Development Loans	219,037
New Media	197,315
Special/Other Projects	441,409
Training Assistance Program	220,947
Total Program Funds	3,356,163
Finalized Tax Credits	3,640,600
Total Contracted Program Funds & Finalized Tax Credits	**$ 6,996,763**

Equity Investments Contracted March 31, 1999

ABD Productions	Steeplechasing	$ 46,000
Aftermath	Awesome Adventures	95,000
A Little Something Productions	Shelter	49,951
Brett Films	Voyage of the Seven Girls	35,000
Charing Cross	Prince & Grail	101,874
Charles Bishop Productions	Foodessence II	128,000
Chronicle Pictures	December 1917	45,000
Citadel	Bette Show I	120,000
Citadel	Bette Show II	120,000
Citadel/Three Sheets	Black Harbour III	200,000
Eco-Nova Multimedia	Alden Nowlen	6,000
Eco-Nova Multimedia	Dead Reckoning	60,596
Envision	Two Way Street	40,500
Folkus Atlantic	The Irish Connection	6,600
45 North Broadcast Group	The Minnie Sessions	31,000
Great North Atlantic	Salt Water Buffalo	24,309
Imagex	Divine Ryans	200,000
Imagex	New Waterford Girl	135,000
Pat Kipping	Muriel Duckworth	80,000
Mentor Films	Ties That Bind	4,889
Ocean Entertainment	Inn Chef	100,000
Peter Murphy	Rise Again	13,000
Picture Plant	One Heart Broken Into Song	200,000
Ralston Productions	Playwright in Parliament	60,000
Salter Street Films	Mrs. Greenthumbs	200,000
Triad	Flight	50,000
Triad	Military Wives	42,736
Triad	Spark and the Keeper of the Flame	28,000
Victory Motion Pictures	Loyalties	28,000
Wolfedale Productions	Our Daily Bread	26,000
TOTAL		$ 2,277,455

Development Loans Contracted March 31, 1999

Alchemy Notion Pictures	Breakaway	$ 8,000
Chronicle Pictures	Wild Ass's Skin	9,333
East west Media Inc.	Chasing Shipjack	9,000
East west Media Inc.	Oops! Why Things Go Wrong	10,000
Emotion Pictures	He's One Two	25,000
Floe Edge Productions	The Tent, The Woman, The Dog	6,700
Flying Point Productions	The Seduction of Martin Kruze	20,009
Imagex	William R. Byrd	19,923
Imagex	Stargazing	18,708
Juanita Peters Productions	Never No More	5,000
Lowenbe Holdings	Other Side of the Pole	19,000
Talisman	The Seed	12,000
Talisman	Unhinging of Wings	17,000
Three Sheets	Pier 21	8,468
Topsail Entertainment	Matheson	18,896
Wildcard Distribution	Elizabeth Bishop's Nova Scotia	12,000
TOTAL		$ 219,037

New Media Contracted March 31, 1999

Adner	Over Top Sports	$ 25,000
Blink Digital	Moosop's Magical Tales	25,000
Cage Digital	Legend of Blox	22,500
Collideascope	Collideascope Broadcast Network	19,015
Eastern Edge	Halifax Animation Festival	7,500
EcoNova	Oceans of Mystery CD	20,000
GP Communications	Healing	12,800
Marshall Media	You Do It Carrie	20,000
NMD New Media	Before Hiroshima	13,000
Red Snapper	Moody Brood	20,000
Wind Horse	Bardo	12,500
TOTAL		$ 197,315

Special/Other Projects Contracted March 31, 1999

AFCOOP	Film 5 - 98	$ 20,000
AFCOOP	Film 5 - 99	23,000
Atlantic Digital Media Festival	ADM	25,000
Atlantic Film Festival	Atlantic Film Festival	36,000
Blue Mood Retrofit	Lobsterville	50,000
BLT Films	Lessons - Art of Dan O'Niel	6,000
Centre For Art Tapes	Five Minute Film	21,000
Centre For Art Tapes	Mentorship Program	3,600
Flashfire Productions	Shortworks	15,500
King's College	Short Films	6,000
Bev Lewis	Sweet Tangerine	6,000
Mills Video Productions	Saint Mary's Male Choir	1,847
Maureen Strickland	Baurer Street	6,000
MIPCOM	Fellowship	1,000
Moving Images Group	Workshop Series - Spring/Summer	23,535
Moving Images Group	Workshop Series - Fall	15,000
New Media Fund	New Media	150,000
Oasis Environmental	Heart of Spring	2,500
Piper Productions/Alan Munro	Burnt	6,000
Tania Trepanier	Seven Days	6,000
Tax Seminar	ETAAC	1,000
Travel Assistance	Travel Assistance	10,427
Writertown Multimedia	The Noggins	6,000
TOTAL		$ 441,409

Training Assistance Program Contracted March 31, 1999

Aftermath	Awesome Adventures	$ 18,123
A Little Something Productions	Shelter	4,941
Bluewave	Recipe for Revenge	12,855
Charles Bishop Productions	Foodessence	13,477
Chronicle	December 1917	5,784
Citadel	Bette Show	13,351
Citadel	Black Harbour	30,595
Imagex	New Waterford Girl	17,720
Imagex	Divine Ryans	40,719
Lobsterville	Blue Moon	7,140
Salter Street	Pirates	12,022
Salter Street	Mrs. Greenthumbs	3,085
Salter Street	Lexx	13,226
Triad	Military Wives	15,859
Triad	Spark and the Keeper of the Flame	12,050
TOTAL		$ 220,947

Note: Some of these funds were dispersed in fiscal 1998/99. The remainder will be dispersed when contractual terms are met.

Message from the CEO

September 30, 1999

This past fiscal year has been an exciting one for Nova Scotia's film community. Our production revenue has increased from $97 million the prior year to $119 million ranking Nova Scotia the fourth largest film production community in the country.

Much of this growth is directly attributable to our many talented producers and the strong level of support the Government of Nova Scotia has provided to this lucrative industry. Our producers are supplying world class programming both to national and international broadcasters and distributors. Successful productions like *Black Harbour, This Hour has 22 Minutes, Emily of New Moon, Major Crime, Pit Pony, Street Cents* and *Theodore Tugboat* won 14 Geminis this year. On the feature film side, *The Hanging Garden* won three Genies and *Love & Death on Long Island* won Best First Film from the New York Film Critics Circle. We are very proud to have played a part in these successes.

During this past year, Nova Scotia Film Development Corporation (NSFDC) carried out a successful film industry trade mission to Germany, which resulted in the first ever sub-federal bi-lateral agreement in the film industry between NSFDC and the Berlin Brandenburg Film Board. It was my great pleasure to work directly with the Head of the Berlin Brandenburg Film Board and German producers to make this mission a success. To date, three co-productions between Berlin and Nova Scotia producers have resulted from the trade mission with approximate budgets of $12 million.

With growth and expansion come challenges and we are proud to say that we are meeting these challenges head on. 1998/99 saw the introduction of the Nova Scotia Film Industry Training Assistance Program to meet the ever-increasing demand for more crews; this program has trained 43 additional crewmembers. NSFDC has also led the community in its attempt to create a Nova Scotia Film School, which will provide the training for our next generation of filmmakers.

Through the Nova Scotia Film Industry Tax Credit, Equity Investment, Development Loan, New Media, Special Project Grant and Travel/Marketing Assistance programs, the NSFDC and the Government of Nova Scotia are proud to be playing a role in the development of our burgeoning film industry. We are also pleased to support the Atlantic Film Festival and various training programs.

Nova Scotia is one of the most technologically advanced provinces in Canada and it is through technology that our production companies have overcome the geographic challenges that we face. Strides are being made in the high-tech areas of animation, new media and post-production and we expect this trend to continue.

1999/2000 looks like it will be another banner year for Nova Scotia's film industry and we look forward to providing the resources and encouragement to help our producers continue the tremendous growth of the past few years. With the local talent and spectacular locations Nova Scotia has to offer we expect to bring the millennium in with a bang!

Ann MacKenzie
Chief Executive Officer

Nova Scotia

Film Development Corporation

The Corporation

The Nova Scotia Film Development Corporation is a Provincial Crown Corporation. It was created in 1990 following a study evaluating the economic potential of the film and video industry in Nova Scotia as a cultural industry. It was created by the Government of Nova Scotia under the Nova Scotia Film Development Corporation Act. Initially reporting to the Minister responsible for Culture, in 1993 the Corporation became the responsibility of the Minister for Economic Development and Tourism.

The mission of the Corporation is to grow the Film and Video Industry in Nova Scotia by stimulating investment and employment, and by promoting Nova Scotia's locations, skills and creativity in global markets. This includes activities designed to:

- assist and promote the development of the private-sector film and video industry in the Province in the areas of funding, marketing, promotion, training and education;
- create and stimulate employment and investment and encourage the making of film and video productions in the Province;
- assist and co-ordinate financial or other assistance by any departments, boards, commissions or agencies of the Province to the film and video industry in the Province and co-ordinate any financial or other assistance by any departments, boards, commissions or agencies from other jurisdictions to the film and video industry in the Province;
- encourage and promote Public/Private partnership opportunities allowing Nova Scotia producers to access additional private sector funds.

The affairs of the Corporation are directed by a Board appointed by the Government of Nova Scotia. The administration of the Corporation and its programs and the implementation of the Board's decisions are carried out by the Chief Executive Officer and other full-time staff of the Corporation. The Corporation's budget covers administration and all its industry development programs. In 1998-99 the Corporation's budget was $3.1 million of which $2.6 million was available for investment activities.

The Personnel

The Corporation is administered by the Chief Executive Officer of the Corporation, Ann MacKenzie, who has been with the Corporation since 1997. The Chief Executive Officer reports to the Board and has chief responsibility for all film industry programs administered by the Corporation. She is assisted in marketing Nova Scotia as a film location by the Director of Marketing and with film investment and incentive programs and other corporate initiatives by the Director of Finance, Program Administrator and a Secretary/Receptionist.

Film Industry Development Programs

The Nova Scotia Film Development Corporation has two inter-related approaches to development of the film industry in Nova Scotia. Marketing the Province as a place to film which results in co-production or in attracting fully financed films like "La Veuve de Sainte Pierre." Providing service to productions through up to date information packages and locations materials is essential. Locations kits include the much sought-after Nova Scotia Film and Video Production Guide. For the 12th year Nova Scotia Film Development Corporation produced a high-quality informative guide to film and video production in the Province, which is a key tool used by producers and production companies when considering shooting in our region.

The second approach to development of the industry is through NSFDC's financial programs, which take the form of equity investment, development loans, and special project grants, training assistance and travel/marketing assistance. Additionally, NSFDC administers the successful Nova Scotia Film Industry Tax Credit Program.

Both Marketing and Financial approaches contribute to the development of a stable and expanding film industry in Nova Scotia.

1. Marketing

The NSFDC endeavours to maintain a high profile for Nova Scotia in the international film community through marketing, promotion and delivery of location and liaison information.

The NSFDC maintains membership in the Association of Film Commissioners International.

The Corporation presents at major film industry trade shows, festivals and participates in film industry trade missions. Marketing also includes developing key relationships with studio executives in off shore markets, and familiarizing the decision makers with the skills of our crews and the settings Nova Scotia has to offer. This past year NSFDC undertook two successful Film Familiarization Tours and has responded to many Location inquiries.

The world is discovering all that Nova Scotia has to offer through diversity of landscapes, cultures and people. The following is a highlight of service and guest productions that took place in Nova Scotia in fiscal 1998-99:

Commercials:	***$ 442,000***
Documentary:	***$ 400,000***
Feature/MOW:	***$ 28,600,000***
News/Other:	***$ 40,000***

In total, the above guest productions expended in excess of $29.5 million in Nova Scotia.

2. The Film Industry Development Program

The Nova Scotia Film Development Corporation administers several different economic incentive programs. These programs are accessible to Nova Scotia producers who may be acting alone or in co-productions with out-of-Province producers. In the 1998-99 fiscal year, the Corporation had seven financial investment programs for Nova Scotian producers: the Equity Investment Program; the Development Loan Program; the Special Project Grant; the Training Assistance Program; the Travel/Market assistance Program; the New Media Fund and the Nova Scotia Film Industry Tax Credit. In 1998-99, the Corporation had available $2.6 million for investment and $3.6 million was accessed by producers through the Nova Scotia Film Tax Credit.

A. Development Loan & Equity Investment Programs

The Corporation will invest in a qualifying Nova Scotia production up to one-third of the production budget to a maximum dollar participation per project of $200,000.

The Corporation also provides development loans of $25,000 per project as part of its investment program. These are designed to assist producers to develop scripts and productions.

B. Training Assistance Program

The Corporation will support up to four trainee positions per project to a maximum of $57,600. This program is designed to increase the expertise of Nova Scotia crews by letting people get training through experience.

C. New Media Fund

The Corporation provides both equity investments and development loans for new media projects like CD-ROMS and Internet-delivered programs.

D. Special Project Program

Grants - In addition to development and production funding, the Corporation has a program of special project grants. Aimed at encouraging emerging producers, the grants are available for projects that contribute significantly to the professional development of the producer.

The projects in this category must be undertaken entirely in Nova Scotia by Nova Scotia residents. This category of funding is not available to producers who have already received equity investment for a production from the Corporation and is limited to a maximum of $6,000 per project.

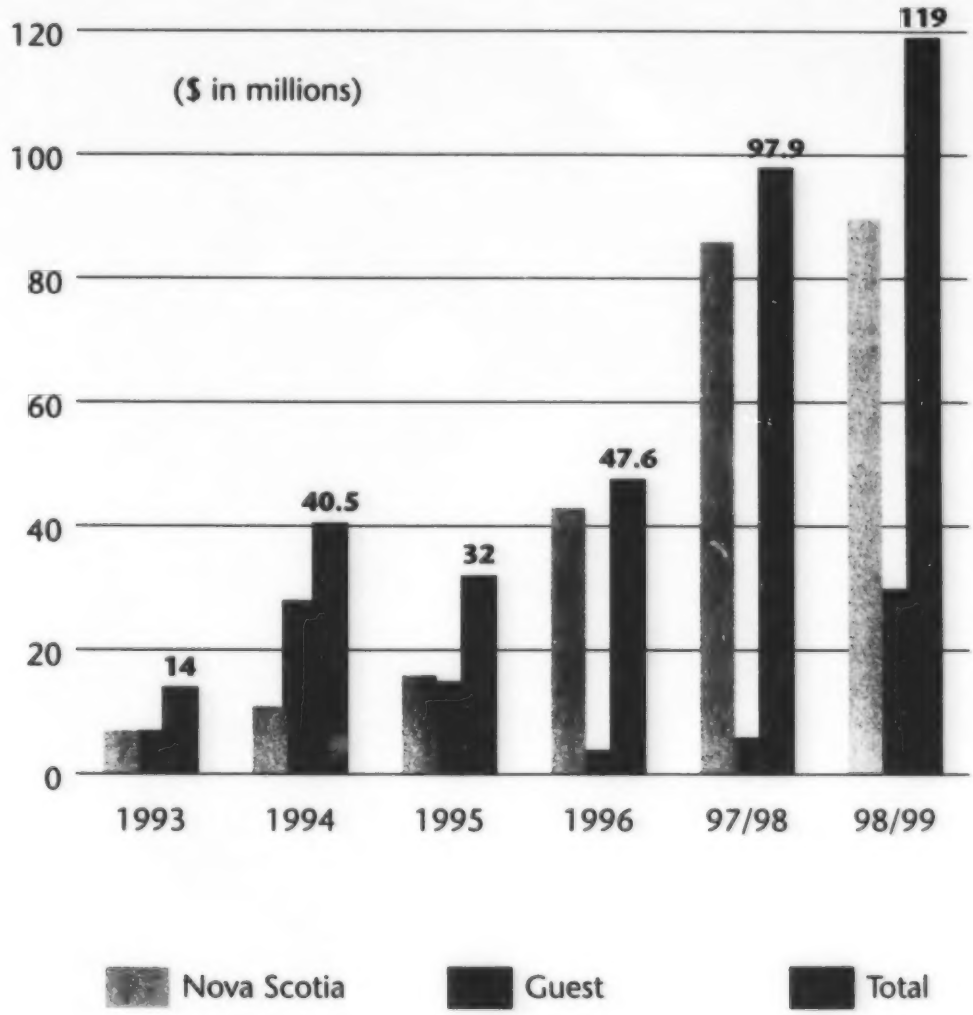
The Corporation also provides financial assistance for producers to attend festivals and conventions to market their completed film and video projects.

Other Investments:

i. The Atlantic Film Festival - The Atlantic Film Festival hosts public screenings of current films for both adults and children, several competitions (both public and juried), workshops and seminars that assist in the development of the industry, and prestigious awards recognizing accomplishments in the sector. Each year, work from around the world is showcased, but most importantly, work by producers in the Atlantic region is featured. This offers local audiences an opportunity to see original works by the region's up-and-coming talent. The Corporation views the Atlantic Film Festival as an important development and showcase opportunity for the Nova Scotia film industry and supports its activities through a grant.

ii. The Atlantic Digital Media Festival - The Atlantic Digital Media Festival is a celebration of new media content and creativity. It provides an opportunity to showcase the local multimedia producers to an international audience. The workshops, keynote addresses and Awards program allow our new media community to explore the many opportunities open to this industry.

Nova Scotia Film Production



** Please note that "Guest" production refers to non-Nova Scotia projects filmed in Nova Scotia.*

Auditor's Report

NOVA SCOTIA Office of the Auditor General

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and
To the Minister of Economic Development and Tourism

I have audited the statement of financial position of the Nova Scotia Film Development Corporation as at March 31, 1999 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31,1999 and the results of its operations and changes in fund balances for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

E.R. Salmon

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
June 3, 1999

Nova Scotia Government Web Site
http://www.gov.ns.ca

Statement of Financial Position as at March 31, 1999

Assets

	General Fund	MTT New Media Fund	Total 1999	Total 1998
Cash and short-term investments	$ 1,427,909	$ 225,469	$ 1,653,378	$ 1,155,796
Other receivables	139,903	—	139,903	28,637
Due from MTT New Media Fund	6,000	—	6,000	—
Prepaid expenses	14,980	—	14,980	20,447
	$ 1,588,792	$ 225,469	$ 1,814,261	$ 1,204,880

Liabilities

Current				
Payables and accruals, trade	$ 58,220	$ 1,500	$ 59,720	$ 15,558
Deferred revenue - MTT	—	—	—	150,000
Deferred revenue	12,423	—	12,423	17,482
Due to general fund	—	6,000	6,000	—
	70,643	7,500	78,143	183,040

Fund Balances

Unrestricted	(3,460)	(663)	(4,123)	291,156
Committed	1,521,609	218,632	1,740,241	730,684
	1,518,149	217,969	1,736,118	1,021,840
	$ 1,588,792	$ 225,469	$ 1,814,261	$ 1,204,880

Contingent Commitments General $1,521,609 (1998 - $730,684)

MTT New Media Fund $218,632 (1998 - $56,981) (Note 3)

APPROVED ON BEHALF OF THE BOARD

Bonita L. Kirby — Chair

Wayne Crawley — Member

Statement of Operations and Changes in Fund Balances

for the year ended March 31, 1999

	General Fund	MTT New Media Fund	Total 1999	Total 1998
Revenues				
Contributions from the Department of Economic Development and Tourism (Note 4)	$ 3,447,847	$ —	$ 3,447,847	$ 3,009,400
Recovery of equity investments and development loans (Note 6, 7)	285,510	—	285,510	200,774
Contributions from MTT (Note 5)	—	150,000	150,000	75,000
Contributions from general fund	—	150,000	150,000	75,000
Interest and other income	38,170	—	38,170	37,747
	$ 3,771,527	$ 300,000	$ 4,071,527	$ 3,397,921
Expenditures				
Equity investments (Note 6)	$ 1,933,474	$ —	$ 1,933,474	$ 1,880,190
Project development loans (Note 7)	184,469	—	184,469	208,715
Special project grants	269,281	—	269,281	202,828
Training assistance	159,273	—	159,273	—
Film school feasibility	45,961	—	45,961	—
New Media development loans	—	153,669	153,669	78,362
Contributions to MTT New Media Fund	150,000	—	150,000	75,000
Advertising and marketing (Page 16)	125,586	—	125,586	161,952
Administrative expenses (Page 16)	335,536	—	335,536	377,755
	3,203,580	153,669	3,357,249	2,984,802
Excess of Revenues over Expenditures	567,947	146,331	714,278	413,119
Fund Balances, Beginning of Year	950,202	71,638	1,021,840	608,721
Fund Balances, End of Year	$ 1,518,149	$ 217,969	$ 1,736,118	$ 1,021,840

Notes to Financial Statements

for the year ended March 31, 1999

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant Accounting Policies

a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in fund balances is considered adequate.

b) The act of incorporation required the establishment of a special account known as the Nova Scotia Film Development Corporation Fund. Any investments or guarantees were to be charged to the fund and corporate administrative expenses were to be paid from the Consolidated Fund of the Province. No fund has been established and all charges and expenses of the Corporation have been paid out of an appropriation from the Consolidated Fund of the Province.

c) The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for the following items:

i) Program grants, loans and equity participation are charges to current expenditures as disbursed. Recoveries derived from equity investments are recorded as revenue when received. Recoveries of project development loans are offset against expenditures when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

ii) Capital asset acquisitions are recorded as current expenditures. Any proceeds from disposal thereof are recorded as revenues.

iii) The costs incurred by government departments providing services to the Corporation are not reflected in these statements.

3. Surplus and Contingent Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 1999, the Corporation is contractually committed to advance funds totalling $1,521,609 (1998 - $730,684) from the general fund and $218,632 (1998 - $56,981) from the MTT New Media fund as investments and loans in respect of current and future projects.

4. Economic Dependence/Services Provided

The Corporation is economically dependent on the Department of Economic Development and Tourism for annual funding. During the year, services were provided to the Corporation by government departments, including the following:

	1999	1998
Legal Services	$ 57,937	$ 56,250
Rent	30,000	30,000
	$ 87,937	$ 86,250

The cost of these services is not reflected in these financial statements.

5. MTT New Media Fund

The Corporation and Maritime Tel & Tel (MTT) entered into an agreement on August 18, 1997 for the purpose of assisting the corporation's mandate to develop Nova Scotia film, video and multi-media productions. MTT agreed to contribute $400,000 over three years (1997-1998 - $75,000; 1998-1999 - $150,000; 1999-2000 - $175,000) which contribution will be matched by the

corporation. These funds are to be segregated and disbursed according to the guidelines jointly developed by the corporation and MTT. The activities, assets and liabilities of this fund have therefore been distinguished from those of the general funds of the corporation in these financial statements.

6. Equity Investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received $242,510 (1998 - $170,774). The total of equity investments of the Corporation to March 31, 1999 is $11,848,640, with recoupment to March 31, 1999 of $637,229, for a net of $11,211,411.

7. Project Development Loans

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 1999 were $781,125 (1998 - $657,456). Development loans of $43,000 (1998 - $30,000) were recouped during the year.

8. Public Service Superannuation Fund

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Corporation's administrative expenses. The Public Service Superannuation Fund is administered by the Department of Finance.

9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identity a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

10. Comparative Figures

In some cases, the comparative figures have been reclassified to conform with the current year's presentation.

Advertising & Marketing Expenses
for the year ended March 31, 1999

		1999		1998
Advertising	$	18,935	$	38,235
Annual Report		8,014		—
Business Travel and expenses		33,092		58,759
Familiarization tour		11,339		—
Location scout		8,935		5,467
Photos/location services		6,288		4,477
Production Guide, net of receipts of $63,342 (1998 - $35,239)		873		18,014
Salaries and benefits		38,110		37,000
TOTAL	$	125,586	$	161,952

Administrative Expenses
for the year ended March 31, 1999

		1999		1998
Bank Charges	$	1,244	$	1,105
Board Honorarium and Expenses		38,918		39,806
Capital Equipment		9,444		3,505
Conferences/Marketing		4,796		5,079
Consultants		6,400		9,404
Courier Services		7,024		4,299
Dues, Fees and Subscriptions		3,699		3,364
Insurance		1,480		1,389
Library		—		454
Office Supplies		10,867		8,964
Photocopier/Fax Rent		5,369		5,223
Postage		3,990		4,430
Professional Fees		3,890		—
Repairs and Maintenance		596		3,385
Salaries and Benefits		224,042		272,838
Staff Training		2,850		4,157
Telephone and Fax		10,927		10,353
TOTAL	$	335,536	$	377,755